

## No. 1 BASIC BANK ACCOUNTS Having and not having a bank account...

What is a basic bank account/ How can it help me?

Basic bank accounts are aimed at giving everyone access to banking facilities. They are a basic, no frills account. So if you don't currently have a bank account or, if you are not able to get a standard current account, look into basic bank accounts. They are available from all major banks.

Having a bank account can help you to manage your money, and you can get your money paid into the account and you can pay bills from it.

- A basic bank account is ideal if you are worried about overspending, as they don't allow you to go overdrawn.
- You can only spend the money you have in the account. You won't get a cheque book but you will generally get a cash card.
- Cash withdrawals can usually be made at cash machines and at the post office
- You can get your wages, benefits, state pension or tax credits paid directly into the account.
- You can pay in cheques for free and arrange for bills to be paid by direct debit or standing order (which can often save you money on your bills).
- You would of course need to make sure there are enough funds in the account to cover these though.

Locally a report by Derby Citizens Advice Bureau and Law Centre (April 2010) showed 25% of people surveyed did not know about basic bank accounts

## How to open a basic bank account

If you want to open a basic bank account you will need to bring identification with you. Check out the table for any special circumstances or restrictions at some banks such as record of fraud, or undischarged bankruptcy.

### Proof of identity to open a bank account

The law says that banks and building societies have to identify new customers, to help stop criminal activities like money laundering. They will explain which documents they will accept as proof of identity. They may ask you for documents such as:

- Passport
- Driving licence

Or if you don't have these they may accept:

- A letter confirming a right to state benefits (eg council tax, housing benefit or pension)
- A letter from a care home manager or warden from a refuge
- A letter from a young persons workplace or educational institution

## Step-by-Step Guide to Opening a Basic Bank Account

- 1 Decide which basic bank account would be best for you. Use the table and speak to the bank to help you decide
- 2 Drop in or make an appointment at the bank or building society and ask to open a basic bank account, giving its name (on the table).
- 3 Be ready to prove you identity. If you have difficulty proving your identity, ask to see a more senior member of staff.

- 4 Ask the staff to run through how the account works to double check it meets your needs - pay particular attention to any charges.

- 5 Once an application has been approved, it should take no more than 10 days for the account to become operational.

- 6 If you want your wages, state benefits or tax credits paid directly into your account talk to your wages office or pension or benefit office dealing with your claim.

- 7 To set up a direct debit or standing order to pay household bills, ask the company for a direct debit or standing order form. Direct debit forms are returned to the company that you want to pay, but you give a standing order form to your bank.

**Different types of basic bank account** This table shows which banks and building societies in England offer basic bank accounts and what you can expect to get

Bank and name of the basic bank account	Min age to open an account	Free buffer zone	Direct debits + standing orders	Charge for unpaid Direct Debit or standing orders	Debit card (Solo, Visa debit, Electron, Maestro)	Bank branch counter access	Post Office branch access	Free access to bank cash machines (ATM's) in UK	If any of the following apply, your application may be declined
Bank of Scotland: Easycash	16	No	Yes	£15 (max 3/day)	Electron	Yes (withdrawals over £300)	Yes	Yes	Undischarged bankrupt, record of fraud
Barclays: Cash Card Account	18	No	Yes	£8	Visa debit	Yes	Withdrawals only	Yes	Record of fraud
Co-operative Bank: Cashminder	16	No	Yes	£19.50	Visa debit	Yes	Yes	Yes	Record of fraud
Halifax: Easycash	16	No	Yes	£15 (max 3/ day)	Electron	Yes (withdrawals over £300)	Yes (except deposits)	Yes	Undischarged bankrupt, record of fraud
HSBC: Basic Bank Account	18	£10	Yes	No	No	Yes (except withdrawals)	Withdrawals only	Yes	Undischarged bankrupt, record of fraud
Lloyds TSB: Cash Account	18	£10	Yes	£20 (max 3/ day)	Visa debit	Yes	Yes	No, own ATM's only	Undischarged bankrupt, record of fraud
Nationwide Building Society Cash Card Account	18	No	Yes	£30	Visa Debit	Yes (withdrawals over £100)	Yes (except deposits)	Yes	Undischarged bankrupt, record of fraud
NatWest: Step Account	16	No	Yes	£5 (max 10 items/ charging period)	Visa debit	Yes	Yes	Yes	Undischarged bankrupt, record of fraud
Santander: Basic Bank Account	16	No	Yes	£5-£35 (depends transaction size)	No	Yes (withdrawals over £300)	Withdrawals only	Yes	Undischarged bankrupt, record of fraud
Royal Bank of Scotland:Key Account	16	No	Yes	£5 (max 10 items/ charging period)	Visa debit	Yes	Yes	Yes	Undischarged bankrupt, record of fraud
Yorkshire Bank: Readycash	16	No	Yes	£35	Maestro	Yes (except deposits)	Yes	Yes	Undischarged bankrupt, record of fraud

"Bank accounts have increasingly become a necessity in our lives and enable us to participate fairly and fully in society, to generate and receive income such as pay, to save for the future and to purchase goods and services. When combined with local knowledge, the data provided by the banks should provide a very useful tool for targeting local action to increase the take up of basic bank accounts" Emma Bates, Financial Inclusion Manager for Derbyshire, said, "In Derbyshire, we are working to make sure that people know about basic bank accounts and can easily get one from their local bank". 'Financial Inclusion Derbyshire' is a partnership of nearly fifty organisations across the county working on these types of issues. She can be contacted on 01629 821929 Email: e.bates@ruralactionderbyshire.org.uk